

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, NOVEMBER 20, 2007, 4:00 PM., CITY COMMISSION CHAMBERS.

Members present: Chairman, Darrell Drummond; Vice Chairman, Pamela K. Cully; Secretary, Robert W. Summerhays, Jr.; Deputy Secretary, Thomas K. Perona; Mayor Robert J. Benton III; Ex-Oficio Member/City Manager, Dennis Beach.

Others present: Director of Utilities; Director of Electric/Gas Systems; Acting Director of Finance; Risk Manager; Community and Corporate Relations Manager.

The Meeting was called to order by the Chairman.

The Invocation was given by The Reverend Jared Olsen of Hope Lutheran Church.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Motion by Mr. Summerhays, seconded by Mr. Perona and unanimously carried to approve the items listed on the Consent Agenda:

1. Bid 5739: Award bid to Mitsubishi Electric, the lowest evaluated bidder who met all specifications, for purchase of two 69kV power circuit breakers for a total award of \$83,500.00.
2. Bid 5764: (a) Authorize piggyback bid of Florida Sheriff's Association for purchase of two Chevrolet mini-vans from Alan Jay Chevrolet, the lowest and best bid, in the amount of \$37,156.00.

(b) Authorize award of bid to lowest and best bidder, Advantage Ford, for purchase of one 2008 Ford F350 SD 4X4, one ton cab and chassis in the amount of \$33,044.00.

(c) Authorize award of bid to lowest and best bidder who met all specifications, Duval Ford, for purchase of one 2008 Ford F150 1/2 ton 4 X 4 pick up truck in the amount of \$25,405.00.
3. RFP 5746: Approve staff's ranking of Security Guard Services and authorize award of contract to top ranked firm, Total Security-Excelsior, in an amount not to exceed \$37,000.00 for the period of December 1, 2007, through September 30, 2008, with two one-year renewal options to begin October 1, 2008.

Mr. Tom Richards presented a request for approval of an Interconnection Agreement among Florida Power and Light (FPL), Florida Municipal Power Agency (FMPA) and Fort Pierce Utilities Authority (FPUA). This is a continuation in our development of a project to improve the capacity at Hartman Substation to deliver full power capacity to Fort Pierce subsequent to the retirement of the King Generating Plant. We have discussed this before, primarily, in the context of replacing the transformers that change the 138kV down to 69kV, so it is more usable for us. The second part of that project, Phase II, is to bring a third 138kV line in from FPL to connect to that substation to provide increased security and all the contingencies that we modeled and looked at. We have shown, and FPL has agreed, that for certain peak load

conditions coming up in the future, having two lines in there won't be enough under all circumstances. We have made arrangements and plans for that third line to be brought in. In order to do that the three parties to this agreement each have some responsibility. Because we own the substation, we need to make the substation ready to receive the third line. Because FMPA actually is the contracting party with FPL for transmission services, they are a party to this agreement, also. If you look through the agreement, you will see there are painstaking details about who is responsible for what and how things are put together at the interface between the line and the substation. These kinds of things, typically, have been signed in the past. We already have interconnection agreements for Emerson Substation and the existing agreement for Hartman. This one only covers the new line at Hartman Substation. We would expect to have Phase II completed by December 1, 2008. Phase I of the Project is the change out of the transformers and is not covered by the agreement today. It is an internal project for FPUA. As far as he knows, that is still on schedule. The transformer manufacturer assures us they are on schedule, but we take that with a grain of salt and have made contingency plans just in case.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to Approve Midway-Hartman #2 138kV Interconnection Agreement among Florida Power and Light Company, Florida Municipal Power Agency, and Fort Pierce Utilities Authority.

Chairman Drummond stated approval of the Minutes of the Regular Meeting of November 6th is listed on the regular agenda, as one of the members was not present for the meeting.

Motion by Mayor Benton, seconded by Mr. Perona and carried with Mr. Summerhays abstaining to approve the Minutes of the Regular Meeting of November 6, 2007.

Mr. Thiess explained staff brought a group of contracts for Continuing Professional Engineering Services before the Board several meetings ago. We did not have all the contracts signed at that time, so tonight we are presenting the second group of engineers for the Board's approval.

Mr. Javier Cisneros, GIS Manager with Water/Wastewater Engineering, presented the request to the Board. Mr. Cisneros explained on August 21st the Board approved staff's recommendation to negotiate contracts with seven professional engineering and three design-build firms. A little over a month ago, the Board approved five of the ten agreements. Today, staff recommends the Board approve four of the five remaining agreements.

Mr. Cisneros explained Jones, Edmunds and Associates, Inc., which would have been the fifth agreement, has declined to sign the agreement, as is. Therefore, Mr. Koblegard will notify them that they are no longer being considered as a consultant for special engineering services.

Staff recommends approval and execution of the agreements for professional engineering services with Kimley-Horn and Associates, and Camp, Dresser & McKee, Inc. (CDM) and design-build services with CH2M Hill Engineers and Constructors, Inc. and with CDM.

Mayor Benton asked where these firms are located. Mr. Cisneros said Kimley-Horn and Associates are located in Port St. Lucie. They have offices in St. Lucie County. CDM is located in Indian River County. CH2M Hill has an office in Florida, but the design-build sector representatives are located in Georgia. Mayor Benton asked if we have any local firms here in St. Lucie County who can do this work. Mr. Cisneros said not for design-build services, but for professional engineering services, there are. Design-build services are provided by CDM, CH2M Hill and Globaltech. They are located in Florida, but not in St. Lucie County. Mayor Benton asked about local firms. Mr. Cisneros said we have Boyle Engineering Group, EDC and Kimley-Horn. Mayor Benton asked about Culpepper and Terpening. Mr. Cisneros said they were not selected in the evaluation. They came very close but did not make the initial cut. Mayor Benton said they are one of the biggest employers in Fort Pierce. Mr. Cisneros said yes, sir. I am aware of that.

Mr. Thiess said if we don't negotiate the contract with Jones, Edmunds, he believes Culpepper and Terpening were the next ones behind them. We will look back at the scores and look at the possibility of bringing them into the mix. Mayor Benton said the way our economy is now if we can use somebody close to home or at home that employees over 100 people in St. Lucie County, he thinks we need to take a look at it. Mr. Cisneros said next week staff will meet and look at the firms we have, currently, and see if they can fill our needs.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to approve negotiated agreements under RFQ 5726 for Continuing Professional Engineering Services with Camp, Dresser & McKee, Inc., and Kimley-Horn and Associates, Inc. and Design Build Services with Camp, Dresser & McKee, Inc. and CH2M Hill, Inc. for a four-year period effective until August 8, 2011 with three one-year renewal options.

Mr. David Mellert presented a request for approval of an agreement with South Florida Water Management District. He explained this is an agreement to receive money. In past years we have applied to South Florida Water Management District for grants as they relate to the R/O Plant and the Floridan Aquifer supply wells, which they define as the Alternative Water Supply Program. We have been very fortunate. With the grant he is presenting tonight, we will have received \$1.6 million they have provided to us as part of our program. The Agreement before the Board today is similar to past agreements. Mr. Koblegard has reviewed the agreement. The amount of \$240,000 is to assist us with putting wellheads on the wells we drilled last year.

Motion by Mayor Benton, seconded by Mrs. Cully and unanimously carried to approve Agreement with South Florida Water Management District for a \$240,000 Alternative Water Supply grant toward construction of two Floridan Aquifer Well Heads.

Mr. Thiess introduced Ms. Kathy Gordon with Siver Insurance Consultants, who is here today to present the new benefits package for employees for this year.

Ms. Gordon explained we are presenting mostly the same benefits as last year. There are a few minor changes. The first thing they are recommending is a 2.3% increase in both the FPUA contributions and employee contributions to share the increase in costs. The increase

of 2.3% is very favorable in today's health insurance market. In order to accomplish such a low increase this year, we are recommending an increase to the co-payment for prescriptions. There was a 15% increase over the last year in the cost of prescriptions, so we have tried to focus the plan changes in the area where the costs have been driving. One of the most significant changes to the benefits is adding of a different vendor for the flexible spending account for employees who choose to put aside tax free money to use for health expenses. The administration will change from WEB-TPA to Bank of America, who WEB-TPA is partnering with. Along with that change, employees who choose to use the flex spending account will receive a debit card they can use at the drug store or at the doctor's office to access their flex dollars. We think as this rolls out and employees start to understand it, they will really start to appreciate it and benefit from it. They will have something similar to on-line banking. They will have on-line access to look at the balance in their accounts.

She further explained there was a 3% increase in dental rates through Comp Benefits. We have added an Aflac cancer and specified event, sometimes called critical illness, plan for employees who elect it. That is a voluntary plan and any cost will be borne by employees.

Mr. Perona said the flex spending is a very good benefit for employees, and he wondered if it caught on. Ms. Gordon said it was really stressed at open enrollment this year. Having these debit cards it is going to make it so much easier for employees to use once they get over the hurdle of figuring out how it works. Currently, there are 60 people enrolled in the flex program, which is actually not bad participation for your size. As employees understand it and by word of mouth, she thinks participation will increase. It also saves FPUA tax dollars.

Mrs. Cully asked if the flex plan includes the employee's family. Ms. Gordon said it includes whatever eligible dependents an employee has.

Mr. Summerhays asked what the new cancer and specified health plan adds to what we already have. Ms. Gordon said employees requested these benefits. We looked at them and made sure they were competitive with other alternative insurance companies. They were competitive, so this benefit was added at open enrollment this year. It is completely voluntary. It pays flat benefits if certain events occur. If employees have a deductible in the health plan, this can pay their deductible for them. That is the biggest benefit. It pays the deductible and other out of pocket expenses. The cancer policy has a monthly \$100 benefit if you're on anti-nausea drugs.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to approve the 2008 Employee Benefit Plan and recommendations as presented by Kathy Gordon of Siver Insurance Consultants.

Mr. Bill Baldwin presented a request for approval of blanket purchase orders to FMPA. He explained approximately \$6.5 million of this request is for the St. Lucie Power Project and the remainder is for the FMPA All Requirements Power Supply Project. This is for purchase for resale. Mr. Perona said we pass it straight through to the ratepayers. Mr. Baldwin said yes.

Motion by Mrs. Cully, seconded by Mr. Perona and unanimously carried to approve two blanket purchase orders to the Florida Municipal Power Agency in the total amount of \$54,068,000.00.

Mr. Thiess said the first meeting in January falls on January 1st, which is a holiday. We can cancel the meeting or move it to a different date. He believes if we are judicious in our arranging of agendas both before and after January 1, we could probably cancel and get by with one less meeting over the holidays. The December meetings are on the 4th and 18th. Mr. Perona pointed out if we need to have a meeting, the Chairman can always call one.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried that the regular meeting of January 1, 2008, be cancelled.

Mr. Thiess reported two Board Members attended the American Water Works Association Conference with staff last week. Those Board Members were Pam Cully and Bob Summerhays. He thinks that is one of the first water conferences Board members have attended. It was held in Orlando, the Florida Section of AWWA, so it was inexpensive to attend. They covered some very important subjects in water supply, re-use and water related areas. He thinks it was very beneficial. We appreciate the Board's involvement. He thinks it is important for the Board Members to get exposure to the "wet" side of the business every now and then. There will be other opportunities in the future. Most of those conferences are in-state. Mr. Summerhays said we were the first Board Members from our utility to ever attend one of those conferences.

Mayor Benton said there are a lot of concerns in the community about utility bills and rates. He has had some discussions with people in the community and last night at the City Commission Meeting he made a presentation to the Commission about setting up a task force consisting of ten citizens appointed by Commissioners. Each Commissioner would appoint two people. The recommendation from the Commission was to have a UA Board Member on the task force, Mr. Thiess and Mr. Beach. The task force would meet monthly to deal with issues and get the facts out to the public. Last night we heard from the public that someone in the audience had a \$1,000 or \$1,400 light bill. He asked that a copy be left for him, because if it was a one month residential bill, he wanted to see it. He hasn't seen it yet, but he thinks we can get out in front of these issues if we meet once a month and get the facts out. He would also like to see us start up the home inspections again. Maybe, it could be a partnership in how it is paid. There was an article in the *Palm Beach Post* the other day. He supplied a copy to Mr. Thiess. He doesn't know whether the rest of the Board Members saw it. It was about FPL's inspections. The columnist said she had this home she had been living in for years. Her bills started out years ago at \$130 per month, but now are approaching \$400 per month. That is just electric and her home was built in 1926 and is 1,200 square feet. We have that problem in Fort Pierce. We have homes built in the 40's, 50's, 60's with little or no insulation. He thinks we can get ahead of this problem and work with these people to try to calm the community down and work with the community to deal with these bills. The cost of power is not going down. The price of oil is going up. He hopes the UA Board will go along with his idea. We are looking for a volunteer from the Board to serve on the task force.

Mr. Drummond said he thinks this Board pretty much endorsed the Mayor's program at the last meeting, and he thinks we are all supportive of it. He would be more than happy to volunteer to serve on it, but he thought it was the Mayor's intent to serve on it. Mayor Benton

said he wanted to serve on it, but when the Commission said a UA Board Member needed to sit on it, because of the Sunshine Law, he couldn't serve. Mr. Beach can because he is a non-voting UA Board Member.

Mr. Drummond said if the Mayor is not going to be the representative, he would be willing to serve on it. He would suggest that he has been meeting with several individuals in the community along with staff. Tomorrow morning he will be on the radio on WIRA at 1400 with Reverend Rhyant at 9:00 a.m. He will be listening to questions and responding. He wholeheartedly agrees that the challenge to us is to make sure we are constantly getting the correct information out to the general public and are willing to meet with large and small groups regarding whatever issues they have. Any time there is a suggestion there is a bill out there of the enormity mentioned by the Mayor, we want to see it. We want to have an opportunity to help bring those bills down where we can and if we can. Certainly the committee the Mayor is suggesting will go a long way to at least identify ways we can work together, cooperatively.

Mr. Summerhays asked what is the charge of this group. Mayor Benton said it is mainly just to communicate with the public on issues. Just like the issue of two sets of meters. It is mainly opening a line of communication, similar to what Florida Power and Light has done. He guesses they've done a very good job of getting ahead of these cost increases, because we know they're coming and our best job is to explain to the public and work with the public and get the word out and see what we can do. We have a chart in the City Manager's office. The City did a study about the housing stock in Fort Pierce, and when we talk substandard, we meant when it came to electrical and structural. Mr. Beach said it was done in the year 2000 and we are in the process of doing that again this year. We are trying to judge what kind of progress has been made in the last five or six years in terms of housing restoration and reconstruction in the community. In addition to what the Mayor said in regards to what this group may do, he thinks one of the things they should focus on is looking at all the different options available for assisting people with the utility rate burden they have. He doesn't mean in terms of financial contributions, he is talking about how we address why they have this size bill. Clearly, if your electric bill is \$400, you either have a very large house or a very leaky house. If this group can generate some ideas and some strategies that can be directed to other service agencies throughout Ft. Pierce, he thinks we can make a lot of progress in educating people and assisting them with the problems they're experiencing.

Mr. Drummond said he will go a step further and contrary to what any editorial might suggest, he doesn't think we've ever been complacent with regard to it. He would want to be very clear that this committee would go a long way to showing it is not an election campaign, period. It is year round that we are available and willing to discuss things either in the winter or summer months ways our customers can get the most efficiency out of the usage of their electricity. We stand ready to participate in that.

Mayor Benton said ceiling fans – he has eleven of them in his home. It costs \$7 per month to run your ceiling fans. Why are they running when you're gone? These additional costs we can get around. It is just getting out there and getting information to folks. He thinks home inspections will be a benefit to the citizens. FPL does them for nothing. There has to be a minimal cost. We can do that. Mr. Drummond said he thinks the inspections are good, but even before we get to inspections, just having a mechanism for getting the information out are things individuals can hear and try themselves at home. He knows we are putting a lot of

things on the television program on the City's station. He thinks Camille Yates has an aggressive plan we will be moving forward with in the next year in terms of getting additional information out.

Mr. Perona said the program Mayor Benton is speaking about is already in place if he is not mistaken. We do the home inspections and there is a small charge. It costs \$75.00 and the UA picks up \$50.00. The customer pays \$25.00 towards it. Mr. Thiess said it was initiated right after the hurricanes in 2005. Mr. Summerhays said he thought the City had a program where they paid the additional amount for people who can show they couldn't afford it. Mayor Benton thinks the City did have such a program. He thinks it has fallen by the wayside and we need to get out and promote it again. Mr. Perona said if it is a benefit, it is something we need to do and get behind full strength. It would be interesting to find out how many people actually paid the \$25.00 for the inspection and out of those people, did they save lots of money or some percentage over that period of time? Is it an effective program or not? Mr. Thiess said we have started looking into that. Since early 2005, when we started the inspections, he thinks we've had 108 participate, and they go in cycles. When we looked back at the records of everybody who has participated in the program, we expected to see a decrease in consumption. We bracketed the date the inspection was done and looked two years back and two years forward or one year back, and one year forward. What we found was pretty surprising. It was kind of disappointing. We found for the most part, the consumption did not decrease, in fact, there was a slight increase. That does not tell him there is anything wrong with the inspection program. The inspection program is fine. What that tells him is people are not following up on the recommendations of the inspection program. We know if you follow up on the recommendations and set your thermostats right and do all the other things recommended, you will decrease energy usage. He knows from personal experience it is hard to break old habits. That is where the disconnect is between the program and results. You have to make a commitment to conserve energy. Effort needs to be in implementation of suggestions, not in just having an energy survey.

Mr. Drummond agrees it is very important after the inspection is done, that there actually be an attempt made to follow those recommendations for it to be of benefit. Is not staff working in terms of looking at those homes that actually participated where the City spent dollars? Mr. Thiess said we are looking at those as a separate group, but we don't have those results yet. We are still pulling that out of the data. Mr. Drummond said he thinks we will find there was a positive result in terms of those. Mr. Perona said the major enhancements you can make to a home are windows and door seals and things like that. It might be out of their budget range in order to do so. If the task force did anything, they should help implement the program that is already there and make it better by following through with it. They might possibly find a funding source for this to be able to help those that can't to get to that point. He, as a Board Member, doesn't want to sit by with a perceived benefit out there and if it isn't benefiting anybody, either change it or move it to something else or make it better. He would have expected at least a 10% improvement in usage. Either the recommendations are being ignored or the cost to enhance the home is out of range. These may be issues we need to get behind. Mr. Summerhays said some of the most effective things are turning your thermostat up when you are using the air conditioning or down when you are heating and not leaving doors open, turning off ceiling fans.

Mr. Drummond said he thinks what the Mayor has hit upon is there is somewhat of a disconnect out there in the community, where there is a perception there is no place to go

when you do have a concern or a complaint and if nothing else, he believes this committee will offer an opportunity to clearly suggest to those individuals that if you do have a complaint, there is a place you can take those and they can be heard and suggestions can be made to try to address them.

Mayor Benton said he thinks through the housing study the City had done and are doing again, he thinks you will be surprised at how many homes in the community don't have any insulation. They were built prior to 1970. You can have your inspection, but unless people follow up on the right amount of insulation, it is not going to help. Hopefully, we can find a firm who can come in and do it at a reduced rate if we offer a lot of customers. Also, how much of a savings do you see if you move your thermostat from 72 to 76 or 78? We have a lot of churches that are empty most of the week, but the air conditioner is still on. We have to get the word out it is time to raise the thermostat or turn it off if you don't need it. We have known this energy problem has existed in this country for a long time. Mr. Drummond said he will be interested in seeing the survey as well. He hopes it goes a step further and delineates the percentage of those structures that are without those kinds of improvements which are owner occupied and which are rentals. A lot of this will depend upon whether or not we can get some kind of participation for those units which are rental and getting the landlords to be willing to participate in some of those improvements. In the absence of that, those individuals who are in those structures and don't get the benefit of having those improvements made, because the landlord is not willing to make those investments, we haven't improved anything. That will be a key component of it. Mayor Benton thinks also at these meetings we could have a developer come in or somebody from the Economic Development Board to explain to the community how essential this utility is to this community when you are looking to bring in good paying jobs and business. When you look at the water problem in West Palm Beach right now, you can imagine what that has done to the restaurants. Businesses are losing millions of dollars a day. We haven't had that problem. Port St. Lucie's water went dry a few years ago. We have had a dependable utility, and people recognize that fact and that is what puts us on the map. Mr. Drummond said he likes the fact that the Mayor keeps reminding us, because we quickly forget how quickly we were able to get our customers back on line after a major hurricane compared to FPL. He went on the web site yesterday and saw there are some additional charts that are available that actually make a direct comparison in different areas statistically to what we are able to do in comparison to FPL. Those are very telling, and he thinks we need to get that kind of information out. Mayor Benton said he thinks there is a misconception out there. He has heard the story that there is no insulation around the power lines, so we are losing power. We have to get ahead of that. That is a misperception. He doesn't know of any insulated power lines unless there is a reason for it. Getting our message out and working with the public, he thinks, will turn some things around here. Mr. Drummond agrees, and it needs to be year round.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman